

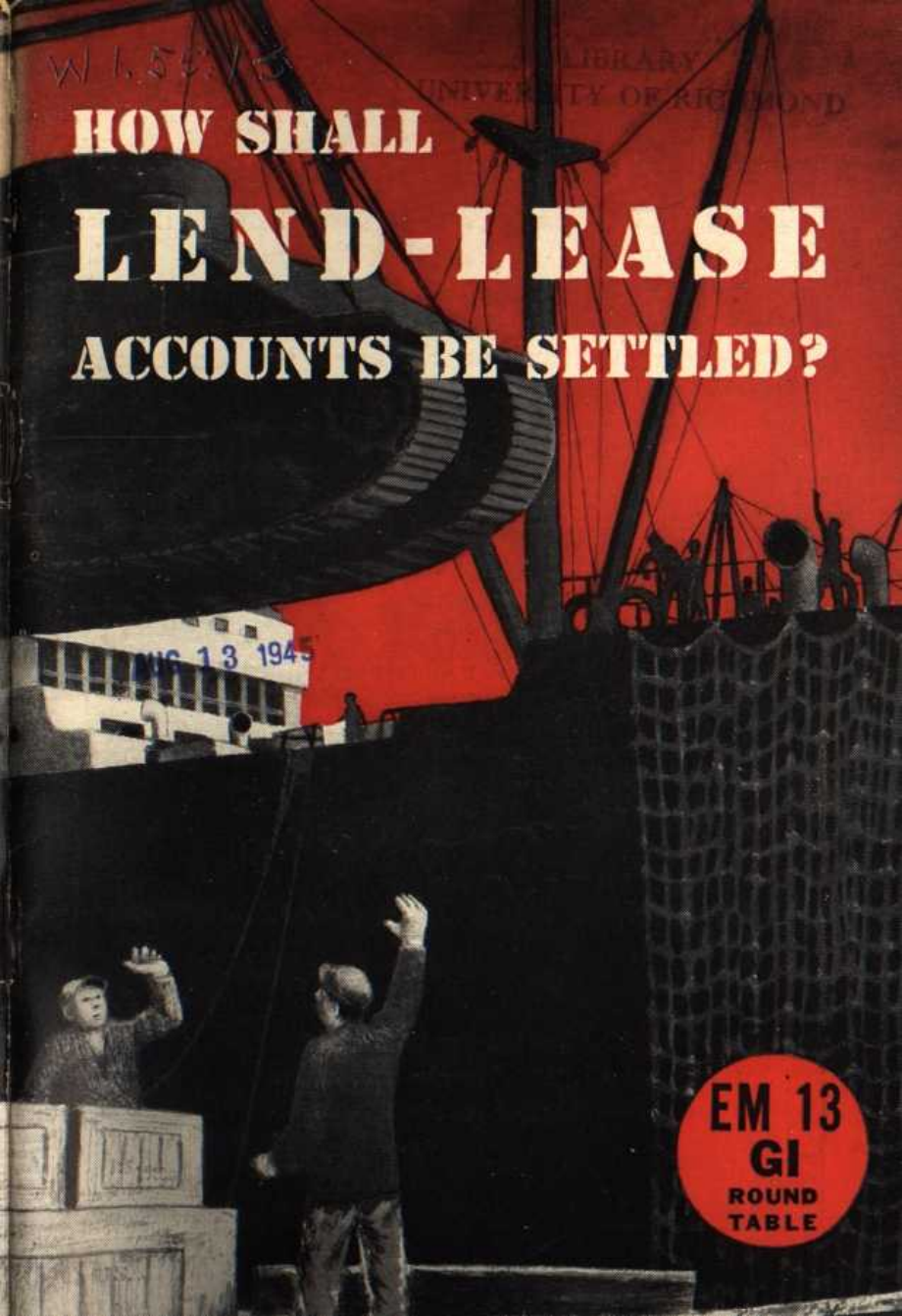
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HOW SHALL

LEND-LEASE

ACCOUNTS BE SETTLED?



EM 13
GI
ROUND
TABLE

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This pamphlet is one of a series made available by the War Department under the series title *GI Roundtable*. As the general title indicates, *GI Roundtable* pamphlets provide material which information-education officers may use in conducting group discussions or forums as part of an off-duty education program.

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Specific suggestions for the discussion or forum leader who plans to use this pamphlet will be found on page 53.

WAR DEPARTMENT

WASHINGTON 25, D. C., 20 JANUARY 1945.

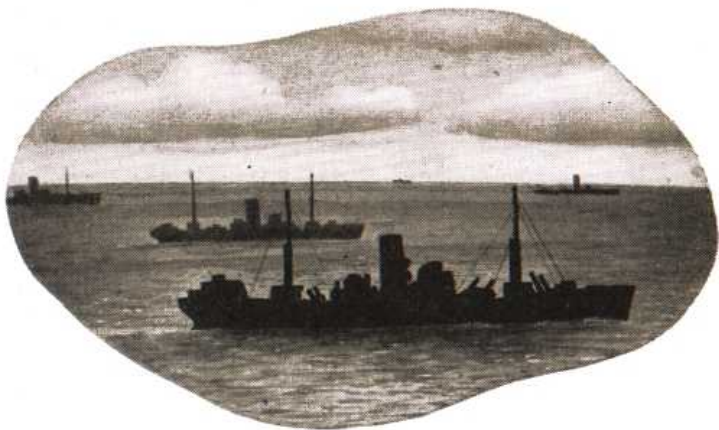
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EM 13, *GI Roundtable: How Shall Lend-Lease Accounts
Be Settled?*

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**HOW SHALL
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ACCOUNTS BE SETTLED?**



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HOW DID THE IDEA OF LEND-LEASE GET STARTED? AND WHY?

A British armored division equipped with General Sherman tanks built in Chicago breaks through the German fortified line at El Alamein and the rout of Rommel's Afrika Korps begins. A division of Russian infantry slogs through the mud of the Eastern Front in sturdy leather boots made in America. A squadron of British Spitfires, manned by American pilots, roars over France, shooting up a retreating Nazi column.

On the other side of the world a U. S. regiment stationed in New Zealand sits down to New Zealand chow—on the house. In one of Australia's newest hospitals American veterans of the jungle-fighting in New Guinea get convalescent treatment just as if they were Aussies.

Every one of these operations is connected with lend-lease and reverse lend-lease. All of them advance the common United Nations cause against the common Axis enemies. They are but a few out of hundreds of instances of the pool-

ing of arms and resources by the United Nations. The idea is to make war goods wherever the mostest can be made the fustest, and then send them wherever the need is greatest—the Soviet Union, France, Italy, China, or the South Pacific—*wherever the enemy can be met in combat.*

As a tool of strategy, lend-lease is the sort of bold innovation in warfare that wins the decisive battles of history. As an arrangement between nations it raises the problems of any system whose flexible provisions can lead, after the battles are won, to misunderstanding and ill feeling.

That's why we need to know about lend-lease: where it came from, how it works, and how it may end up.

Where did lend-lease start?

Lend-lease came to life in an act of Congress of March 11, 1941. But the story really begins three months earlier, on December 17, 1940. The occasion was the semiweekly White House press conference.

There was an air of expectancy that day as the reporters crowded into the President's oval office. Almost immediately Mr. Roosevelt launched into a discussion of the war situation as it affected the United States. He talked about the importance to our national security of continued British resistance. He emphasized the advantage to us of a sturdy defense industry built up on British munitions orders. He referred to the traditional ideas of providing the sinews of war—in which the dollars-and-cents angle is most prominent.

But, said the President, there were other methods being studied of getting war aid to Great Britain that would "eliminate the dollar sign." To illustrate what he was getting at, he told a kind of parable.

"Suppose my neighbor's home catches fire," he said, "and

I have a length of garden hose four or five hundred feet away. If he can take my garden hose and connect it up with his hydrant, I may help him to put out his fire. Now, what do I do? I don't say to him before that operation, 'Neighbor, my garden hose cost me \$15; you have to pay me \$15 for it.'

"What is the transaction that goes on? I don't want \$15—I want my garden hose back after the fire is over. All right. If it goes through the fire all right, intact, without any damage to it, he gives it back to me and thanks me very much for the use of it.

"But suppose it gets smashed up—holes in it—during the fire. We don't have to have too much formality about it, but I say to him, 'I was glad to lend you that hose; I see I can't use it any more, it's all smashed up.' He says, 'How many feet of it were there?' I tell him, 'There were 150 feet of it.' He says, 'All right, I will replace it.' Now if I get a nice garden hose back, I am in pretty good shape."

Where was the fire?

This was a homely way of pointing out that the world was on fire and that the flames endangered us, too. The Rome-Berlin Axis was then almost at the crest of its power. Nazi Germany, aided by Fascist Italy, was master of the continent of Europe from the North Sea to the Adriatic and from the Pyrenees to the borders of Soviet Russia, Yugoslavia, and Greece. All the peoples living in this vast area—except the Swiss in their little island of neutrality—bowed before the dictator of Berchtesgaden and his goose-stepping armies or cringed before his murderous Gestapo. Not since Roman times had Western civilization come so close to domination by a single nation.

Britain virtually alone opposed the armed might of the Axis. Poland, France, Belgium, Holland, and Norway all had

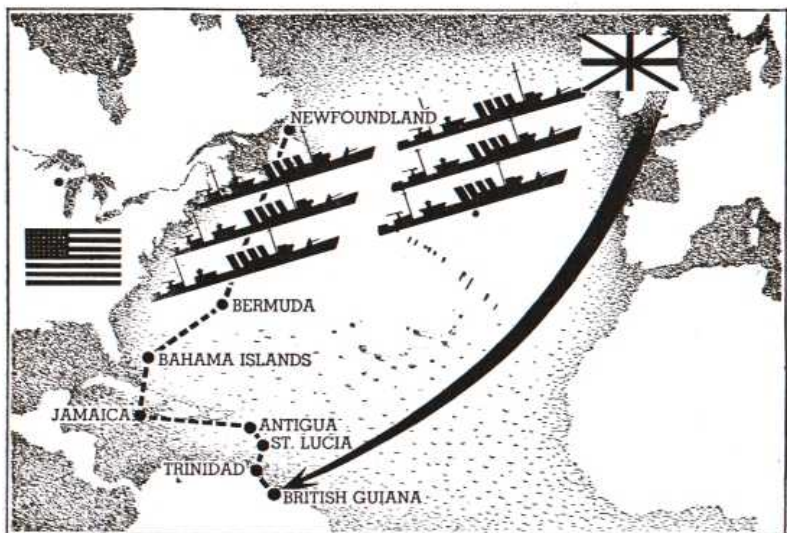
fallen after brief resistance. Britain's armies had lost their equipment in the retreat from Dunkirk. British cities were being bombed by the Luftwaffe. Parts of London were in ruins. So were sections of Birmingham, Liverpool, Coventry, Plymouth, and other cities. Across the Channel the Germans were massing barges, troops, and materials for an invasion of the British Isles.

German planes were already heard over Iceland and a Nazi radio station was discovered in Greenland. Nicely spaced between this country and England, it indicated plainly enough which way the Germans were looking if they ever became established in the British Isles.

Could we feel the heat over here?

What was the feeling of people in the United States at the time? We had watched with growing concern the spread of war and Nazi conquest. We didn't like the looks of things, but we weren't convinced that the situation called for us to jump into the fight. Our national policy for many years had been to stay out of any conflict which did not directly affect the Western Hemisphere.

But ever since Dunkirk and the fall of France in June 1940 a large section of American public opinion had become united on several points. Many of us had come to feel that it was "our war." Most of us began to realize that, although we were not actually in the war, we could and should help Britain and the other nations fighting Axis aggression. In line with this thought President Roosevelt on September 2, 1940 swapped 50 over-age American destroyers, which the British badly needed, for 99-year leases on bases in British islands and coastal possessions in the Caribbean area. At the same time Great Britain leased to us for 99 years, "freely and with-



out consideration,” similar bases in Bermuda and Newfoundland.

The hour of decision

In America we had begun our own defense program, building up our Army and Air Forces and expanding our Navy into a two-ocean fleet. We were determined to be prepared against attack from any quarter—in the Pacific or Atlantic.

How to aid friends and hit Nazis

As the year 1940 drew to a close, it was clear to many people that the Nazis would not rest long. They were preparing new and more powerful blows. The coming spring would probably see new aggression, perhaps new defeats for the democracies, possibly final defeat for Britain and the still independent European countries.

Numerous individuals and associations were urging Congress and the President to act, demanding a clear governmental policy of all aid short of war to the nations still fighting the Axis. But meanwhile our aid to Britain, instead of increasing rapidly, was threatened with a breakdown.

Our assistance at that time was basically governed by the Neutrality Act of November 1939. This provided that arms and other weapons could be made available to the warring nations on a "cash-and-carry basis"; that is, the goods must be paid for in cash on this side of the ocean and carried across in foreign vessels. American ships were forbidden to sail into the war zones.

Furthermore, according to the Johnson Act of 1934, no loans could be made to nations which, like England, had defaulted on their World War I debts.

In the year following the passage of the "cash-and-carry" provisions, Great Britain had bought large amounts of war goods in the United States and had transported them on British ships. But now Britain's dollar resources were running low. Unless we became something more than a friendly seller on a cash basis, British purchases would have to stop altogether. Without American supplies Britain could not hope to fight effectively. Its own factories and shipyards could not turn out all the planes, guns, ammunition, tanks, ships, and other articles needed to hold off the Axis.

Why couldn't Britain pay?

Just exactly what was Britain's ability to keep on with cash payments in December 1940? She had entered the war in September 1939 with about 4.5 billion dollars of gold and investments in securities in the United States. Most of these belonged to private British citizens and British companies.

During the first year of the war the British government had bought these holdings from its citizens, paying for them in British government bonds. Then it sold the securities and gold reserves for dollars, and pooled the whole amount in one fund. This process produced a supply of dollars on this side with which Britain could purchase war goods in the United States.

From September 1939 to the end of 1940 the British managed to realize some 2 billion dollars—in addition to the 4.5 billion dollars mentioned above—from sales of gold newly mined in the British Empire, from exports, and other sources. But this additional amount had been spent in 1940 for war purchases, chiefly in the United States. Thus, by December 1940, the British supply of dollars was down to about 2 billion. About 1.5 billion of this would be needed to pay for munitions and supplies already ordered in the United States but not yet delivered. So low was Britain's dollar reserve that new orders for war goods had almost stopped at the time when she needed them most.

Should we be democracy's arsenal?

This was one phase of the total situation that the President had in mind as he addressed the reporters on December 17, 1940. Three weeks later, on January 6, 1941, he delivered his annual message to Congress on "The State of the Union." In it he asked for authority and funds to manufacture additional munitions and supplies and turn them over to Great Britain and other nations fighting the Axis.

He reminded Congress that during the past sixteen months the assault of the Axis powers had blotted out democracy in an appalling number of independent nations, great and small. The assailants were still on the march, threatening other

countries, threatening us. He emphasized the need for supporting fully the peoples who were resisting aggression and thereby keeping war away from our own land.

"Let us say to the democracies," he said, "'We Americans are vitally concerned in your defense of freedom. We are putting forth our energies, our resources and our organizing powers to give you the strength to regain and maintain a free world. We shall send you in ever increasing numbers, ships, planes, tanks, and guns.'"

In short, he proposed that America become "the arsenal of democracy." The job placed before Congress was to provide the country with a law that would meet the situation in spirit and in fact. It required an epoch-making decision on policy and the setting up of machinery to provide the needed help in ships, planes, tanks, guns, food, and other supplies.

HOW WAS THE IDEA TURNED INTO THE LAW OF THE LAND?

On January 10, 1941, such a law, H.R. 1776,—popularly called the "Lend-Lease Bill"—was introduced into Congress.

The Chief Executive under the proposed act could provide for the production of weapons, munitions, aircraft, and ships. He was authorized to secure the necessary machinery, tools, materials, and supplies for their manufacture, repair, servicing, or operation. And he was given power to transfer weapons and tools as well as farming and industrial machines and articles to any country whose defense he deemed "vital to the defense of the United States."

The administration of lend-lease was to be entrusted to the president, with Congress exercising its constitutional control over appropriations. The provisions for final settlement, as we shall see later, were to be left very broad. The greatest

immediate benefits were expected to be the results gained by our allies in using lend-lease weapons against the aggressor nations. Beyond that, nations receiving aid were expected to assist us in their turn. Events alone could determine what form the return benefits of this mutual aid program would take.

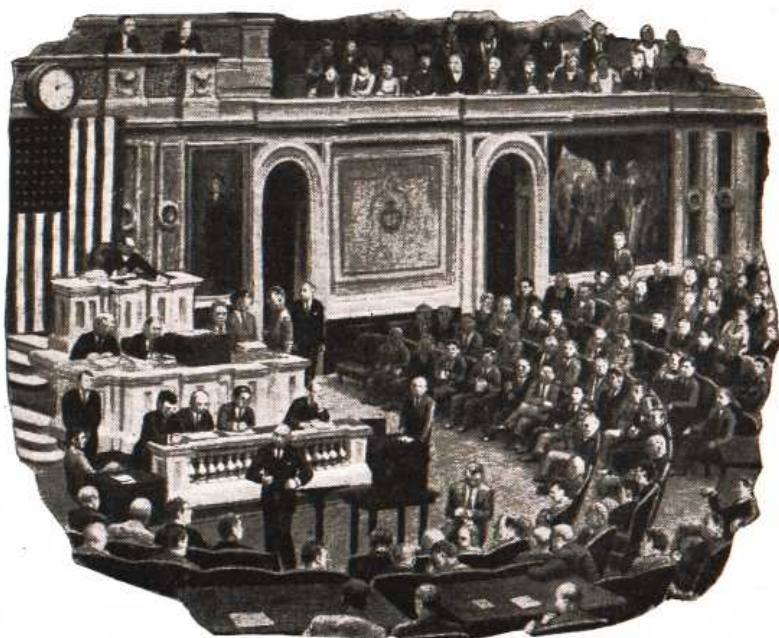
The heart of the proposed law was the phrase: nations whose defense is "vital to the defense of the United States." It was a recognition of the importance for ourselves of supporting our friends against attack. It testified to a realization that if they went down our own ability to stand off aggression would suffer.

Was lend-lease fully debated?

Seldom has any Congressional measure aroused as much debate as H.R. 1776.

The American people had to think this through. For weeks the pros and cons of lend-lease were thrashed out—in social gatherings, around the stoves of country stores, in club meetings and mass meetings, in forums, on the radio, in the editorial columns of newspapers, in magazine articles, and above all, in hearings, in the cloakrooms, and on the floors of Congress.

Sometimes the debates were bitter. "Interventionists" argued with "Isolationists." Members of the America First Committee debated with members of the Committee to Defend America by Aiding the Allies. Men quarreled over the meaning of lend-lease, its implication for our future foreign policy, and its possible effect on the outcome of the war in Europe. Amid the sound and fury, however, the basic issue was clear: Should we render all aid possible to Great Britain and other countries opposing the Axis, or should we stay on



the sidelines—as we had done while Poland, France, and the other nations were swiftly toppled by the Nazi armies? Should we cling to the Neutrality Act and the Johnson Act or should we repeal them?

To the hearings on Capitol Hill trooped citizens prominent in many fields and representatives of various organized groups. They probably were most influential in determining the fate of the Lend-Lease Bill. What did they have to say?

Arguments of its supporters

Those who testified favorably maintained that weapons sent to the countries fighting the Axis would help to hold back a

danger that threatened the civilized world, *including ourselves*. If our own national security was at stake, they said, we should make a serious mistake to measure our contribution to the common effort on a system of accounting that placed the dollar sign first and delivery of the goods next.

Congress was reminded that after the last war the Allied governments owed the United States huge sums of money, and that after some annual installments had been paid, all the debtors except Finland had defaulted. Our former Allies took the position that they could not pay—some said that they had fought “our war.” A good deal of ill will toward the United States was stirred up. In some countries people made acid comparisons between contributions to victory in lives lost and in dollars loaned. Uncle Sam was called “Uncle Shylock.”

In the end, the bulk of the war debts was not collected. Gathering unpaid interest all the time, they remained a burden on the economies of debtors and creditors alike and a source of poison in our relations with our former Allies. Without question they contributed, in no small measure, to the collapse of world economy and American prosperity in 1929.

Misunderstanding and bickering must now be avoided, argued the supporters of the Lend-Lease Bill. By providing articles badly needed in England and elsewhere, we would give vital support to a cause we deemed just and urgent. Production of weapons would come first; the settlement of accounts later.

Why did the Army favor it?

“We are not seeking to make a loan to Great Britain,” Secretary of War Stimson declared. “We are really seeking to pur-

chase her aid to our defense. We are buying—not lending. We are buying our own security while we prepare.”

The Secretary of War also favored the bill for its direct advantages to the United States as well as to the other United Nations. Production of war weapons in this country would be simpler, surer, and quicker, he argued, if our defense departments and the various allied purchasing commissions stopped competing for war orders. With the procurement agencies of the United States government in sole charge of ordering and assigning war materials, weapons could be standardized and, if it ever became necessary, kept for our use as well as transferred for the use of the British or other nations fighting the Axis.

Other advocates—outside the Army—said that if we stood by passively, the enemy might gain control of the sea and air approaches to this hemisphere. It was an illusion to think that we could create a sort of “Chinese Wall” invulnerable to attack. Germany and Japan, they pointed out, had as recently as September 1940 signed an alliance and pledged each other full political, economic, and military aid. Tokyo and Berlin made no secret of their cooperation, pressing upon us the reality that an attack against the United States could come at any point on our long continental shoreline as well as in the Panama Canal Zone, Alaska, Hawaii, or the Philippines. The defense of Britain and our own defense, they argued, were inevitably linked.

As to the broad powers given the president, the proponents said that restrictions might hinder the main purpose of the bill. They urged that we must not fall into the trap of being guided by dollars instead of needs—the very difficulty lend-lease sought to avoid. The president was required to report to Congress on lend-lease operations every ninety days,

they pointed out, and of course Congress would have control over appropriations. But this control should apply to the over-all amount of money spent and to the execution of the plan as a whole, not to the details, they said. Deciding in advance just how to act through lend-lease might stand in the way of effective conduct of the war by the nations we were trying to help.

Arguments of its opponents

Opponents of the bill argued that we should devote all our resources to the support of our own Army, Air Forces, and Navy. They said that we should be less concerned about the victories of aggressors across the ocean and more concerned about the improvement and strengthening of our defenses. We should defend ourselves, they urged, by making our country impregnable.

Some who favored aiding Britain and her allies declared that the Lend-Lease Bill would give too much power to the executive branch of the government. They said the aid should be limited to specific countries, and the amounts of goods and their costs decided in advance.

Among the most vocal opponents of lend-lease were the people who said it meant war. They argued that if it was vital to us to support one side in the war we should step in and become a fighting ally. But they were convinced that lend-lease was an undercover scheme that would make us an active partner in the struggle without an official declaration of war.

On February 8, the House passed H.R. 1776 by a vote of 260 to 165. On March 8, the Senate passed the measure 60 to 31. The final text of the act, which contained only minor changes from the original, was agreed to by both houses on March 11, 1941, and signed by the President the same day.

As part of the federal law, the Lend-Lease Act represents the will not of individuals or groups, but of the American people.

HOW MUCH OF WHAT GOODS HAVE WE SENT TO WHICH ALLIES?

On the very day that the bill was signed, Great Britain and Greece (then at war with Italy) were declared eligible for lend-lease aid. Goods started to move almost immediately. China, engaged in a desperate struggle with Japan, was declared eligible on May 6, and Norway on June 4, 1941.

Congress appropriated 13 billion dollars for the lend-lease program by October 28, 1941, but the movement of goods overseas got under way slowly. Our munitions industry was still largely in the tooling up state. And the flow of finished weapons was at first only a trickle. The stimulus of lend-lease and our own defense orders, however, rapidly expanded American war industry. In the meantime, food made up the largest part of lend-lease shipments.

Machinery was set up to handle the requests of foreign governments for lend-lease aid and to arrange for the production of the needed articles and services. To avoid duplication, purchasing for lend-lease was tied in closely with purchasing for our own armed forces. For example, the job of procuring lend-lease munitions was entrusted to the War Department; warships and naval aircraft and supplies to the Navy Department; merchant ships and shipping to the Maritime Commission (and later to the War Shipping Administration); food to the Department of Agriculture; and industrial materials (such as metals, chemicals, lumber, coal, textiles, clothing, etc.) to the Procurement Division of the Treasury. A special

agency, the Office of Lend-Lease Administration, was created to decide matters of lend-lease policy, keep operations going smoothly and in gear, and handle the records.

What were the first results?

The first lend-lease shipments, consisting largely of food and industrial commodities, arrived in England at a time when the German submarine blockade was close to starving out the British Isles. The first American tanks and planes reached Egypt in time to be used in the second British drive into Libya which started on November 2, 1941.

The U.S.S.R.—attacked by Germany on June 22, 1941—was declared eligible for lend-lease aid on November 7, 1941.



Even before that date urgent supplies were sent to the Soviets with the help of 50 million dollars credit advanced by the United States government. The first convoy of American and British cargo ships steamed into the harbor of Murmansk while the German armies were hammering at the gates of Moscow. Our aid to the U.S.S.R. was relatively insignificant in 1941, but it bore the promise of much more to come. This promise was a source of strength to the Russian people in their darkest hours.

Lend-lease in 1941 also made it possible to send engineers, trucks, gasoline, and road-building equipment to hard-pressed China. The monthly volume of supplies carried over the Burma Road—China's last link with the outside world—was thereby tripled.

Lend-lease after Pearl Harbor

With our entry into the war on December 7, 1941, the idea of lend-lease broadened. From a means of helping friendly nations, it became a mighty weapon of war. New problems had to be solved through lend-lease and new forms of joint action devised. Assistance became cooperation. The United Nations could now base their military planning on pooled resources. We would help our allies to the utmost, and expect to receive their help in return.

The lend-lease program, to be understood, has to be seen in relation to the war as a whole. The act passed by Congress was flexible enough to meet changing circumstances. This fact turned out to be important to allied strategy. In many instances, lend-lease provided quicker and easier solutions to the problems raised by the war than would otherwise have been possible. Yet the general policy of the act—mutual aid against aggressors—remained unchanged.

In 1942 the lend-lease program rapidly widened in scope and the volume of shipments rose sharply. During December 1942 lend-lease exports totaled 607 million dollars—as much as was sent in the nine months of operation in 1941. As American troops took up battle stations abroad, our allies began to provide reverse lend-lease aid to them—that is, without payment by us.

In the various theaters of war in 1942, our allies fought with renewed confidence and better success because of the equipment furnished under lend-lease. General Montgomery's Eighth Army, which defeated Rommel's Afrika Korps at El Alamein, used American planes, tanks, guns, and other equipment. So, to some extent, did the Soviet forces which stood firm at Stalingrad in the winter of 1942-43. And in the Southwest Pacific, our allies were partially equipped with lend-lease arms in the engagements which began to push back the Japanese invaders of New Guinea.

What's our rate of aid now?

In 1943 as American armament industries hit high gear, lend-lease became a tremendously powerful instrument of war.

Goods and services were provided to our allies at the rate of about 1 billion dollars a month. The British armies, which, along with American and other forces, pushed the Axis out of North Africa, Sicily, southern Italy, and France, used large quantities of lend-lease weapons. So did the rearmed French forces. The Russian offensive which drove the Germans out of White Russia and a large part of the Ukraine was aided by thousands of guns, planes, tanks, trucks, and other items provided by us. And in the air over Europe, the R.A.F. was using many American-made bombers and fighters, powered by gasoline also furnished under lend-lease.

In 1944, when Hitler's Fortress Europe was decisively breached, the flow of aid to our allies became a torrent.

In the first six months of 1944, lend-lease transfers exceeded 1.5 billion dollars a month. With this aid, the United Nations gained overwhelming superiority over the Nazis. The assistance (along with the fighting efforts of our own armed forces) contributed to allied victories in Italy, France, the Low Countries, Russia, and eventually the Reich itself.

This does not mean that our major allies—except for the revived French army which was almost completely equipped under lend-lease—were mainly dependent on American supplies. It has been estimated that lend-lease provided only 10 percent of British war equipment, and certainly a lesser proportion of Soviet materiel.

But the goods we sent and services we provided were important factors in the success of their armies. Premier Joseph Stalin, in a toast at a dinner party at the Teheran Conference in late October 1943, declared, "Without American machines the United Nations never could have won the war."

A few facts and figures

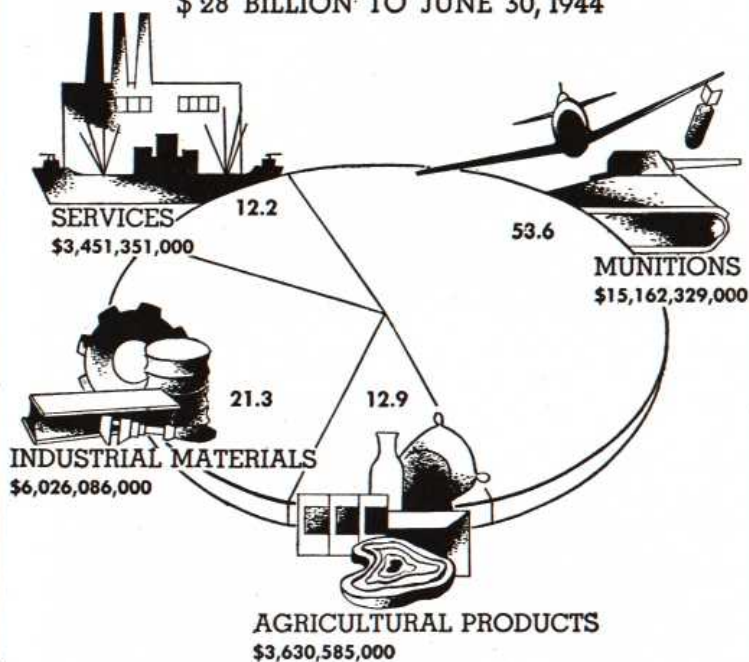
How much of our war production has been turned over to our allies under lend-lease?

In dollar value the sum is large—on June 30, 1944 it amounted to about \$28,270,000,000 plus \$680,000,000 transferred to allied forces by American commanding generals in the field.* But in the proportion of our total defense and war expenses it is relatively small—about 15 percent.

* Shortly before this pamphlet went to press, figures were released on lend-lease operations up to the end of 1944. As of December 31, 1944, total direct lend-lease had risen from \$28,270,000,000 to \$35,382,646,000. No attempt has been made to revise the pamphlet accordingly. Lend-lease is a continuing and expanding operation. Trying to keep the pamphlet abreast of the very latest figures would mean it could never appear in print at all.

TOTAL LEND-LEASE AID

\$ 28 BILLION TO JUNE 30, 1944



What does the dollar volume of lend-lease represent? About 54 percent of all our aid has consisted of fighting equipment, including naval and merchant ships. Some 21 percent has comprised industrial materials and products, such as aviation gasoline, metals and machine tools for the manufacture of munitions, cloth and leather to make uniforms and shoes in the factories of Great Britain and Soviet Russia, surgical and medical supplies for hospitals and military bases, rolling stock for railroads, lumber for docks, and so forth.

Approximately 13 percent of lend-lease aid has consisted of foods and other agricultural products destined for the workers of allied countries and their soldiers in the front lines.

The balance of lend-lease aid—about 12 percent—represents vital war services, such as the construction of factories in the United States to produce lend-lease goods, repair and rental of ships, the ferrying of aircraft, and building of air and naval bases.

Developing and maintaining the lines of supply has been one of the central factors in the military strategy of the war. Lend-lease has helped to make it possible quickly to transport equipment where and when it has been most needed. Thus:

Ferry routes for flying American planes to Brazil and across the South Atlantic to Africa and the Middle East have been developed.

Port facilities in the Red Sea and Persian Gulf have been expanded.

A motor highway has been built across Iran and the trans-Iranian railway has been made over into a major artery for moving lend-lease supplies from the Persian Gulf to Russia.

The port of Massawa, badly wrecked by the retreating Italians in 1941, has been put back in operating condition.

A pipeline has been laid from the Iranian oil fields across Iraq to the refinery at Haifa in Palestine.

The British-built refinery at Abadan, Iran, has been enlarged to make more aviation gas for allied planes in the Middle Eastern, the China, and the Burma-India theaters of operation.

What's been lend-leased and where?

In terms of commodities, what does lend-lease represent? From the beginning of the program to June 30, 1944, we ex-

ported to our allies under lend-lease about 30,900 planes, 26,900 tanks, and 637,000 other military vehicles (ordnance carriers, jeeps, trucks, etc.). Added thousands in each category were paid for in cash.

We have also lend-leased over 1,800 merchant and auxiliary craft and 1,400 naval vessels, including escort aircraft carriers, corvettes, landing vessels, PT boats, and other small craft.

What proportion of our finished munitions has been allocated to lend-lease countries? Out of every 100 tanks that have come off our assembly lines between March 11, 1941 and June 1944, 41 were lend-leased, 3 were sold to our allies for cash, and 56 were delivered to our armed forces. Of every 100 planes, 15 were lend-leased, 3 sold to our allies, and 82 delivered to our Air Forces.

Supplies have been sent where and when they were most needed. In 1941, when the Battle of Britain was raging, lend-lease exports went mainly to the United Kingdom. As the war spread to Africa, the Middle East, Australia, and India, aid was sent to those areas. With the signing of the Russian lend-lease protocol in October 1941, lend-lease goods began to move to the U.S.S.R. in increasing volume.

Altogether, the amount of lend-lease goods actually exported up to June 30, 1944 has been divided as shown in the diagram on the next page. The figures do not include services provided in the United States or goods bought but not exported.

What's the breakdown?

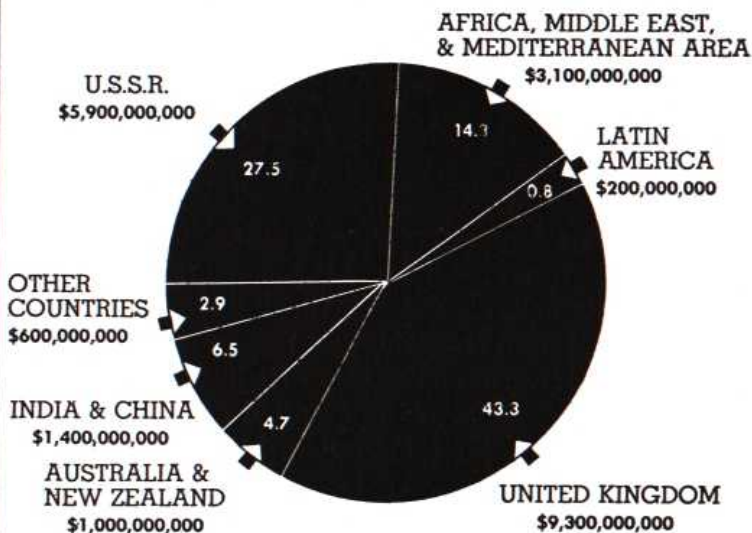
What these figures mean when broken down into specific items may be seen from the following statistics on the Soviet Union.

By the end of June 1944 the United States had sent to the

LEND-LEASE EXPORTS

AREAS OF DESTINATION

MARCH 1941—JUNE 1944



Soviets under lend-lease more than 11,000 planes; over 6,000 tanks and tank destroyers; and 300,000 trucks and other military vehicles.

Many of the planes have been flown directly from the United States to the Soviet Union over the northern route via Alaska and Siberia, others were crated and shipped to the Persian Gulf, where they were assembled and flown into Russia.

We have also sent to the Soviets about 350 locomotives, 1,640 flat cars, and close to half a million tons of rails and

accessories, axles, and wheels, all for the improvement of the railways feeding the Red armies on the Eastern Front. For the armies themselves we have sent miles of field telephone wire, thousands of telephones, and many thousands of tons of explosives. And we have also provided machine tools and other equipment to help the Russians manufacture their own planes, guns, shells, and bombs.

We have supplied our allies with large quantities of food. The Soviet Union alone has received some 3,000,000 tons. Lend-lease has contributed about 10 percent of Britain's over-all food supply. This, together with a great increase in agricultural production in the British Isles, has helped to feed the British civilians and armed forces. Bread, potatoes, carrots, cabbage, and other common vegetables have been available to the British from their home gardens and farms. The United States has provided a high proportion of such foods as bacon, eggs, cheese, and fruit juices.

HOW MUCH HELP DO WE GET VIA REVERSE LEND-LEASE?

Many people think that lend-lease is a one-way affair, operating just for the benefit of our allies. In August 1943, when we had been in the war twenty-one months, the Office of War Information conducted an extensive survey and found out that more than four out of five people had not heard of reverse lend-lease.

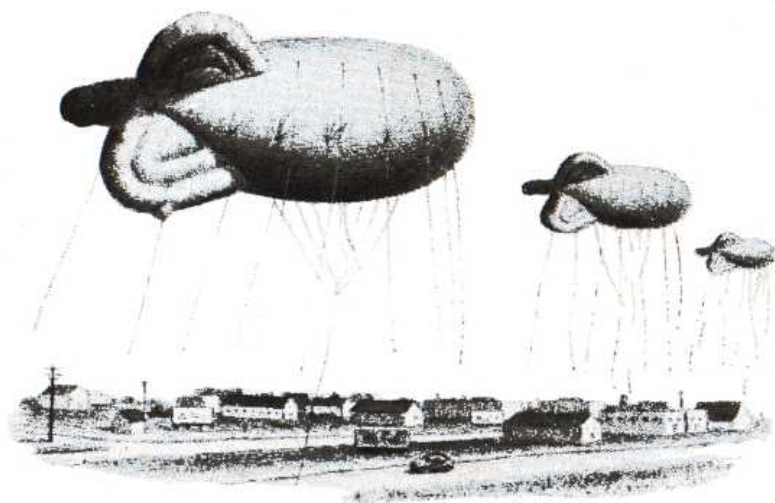
The basic idea of allied cooperation is that each of the United Nations is giving to the full extent of its ability—in both manpower and materials—to accomplish the defeat of the Axis. Lend-lease and reverse lend-lease create a pool of resources to which and from which contributions and withdrawals are made as the demands of the fighting fronts dictate.

Some countries, like the Soviet Union and China, have required all they can produce—and more—to fight the enemy on their own soil. Others, like the United States, Canada, Great Britain, India, Australia, and New Zealand, can make available to their allies substantial quantities of munitions, food, and other war supplies and services.

Canada has received no lend-lease aid from the United States, but has its own mutual aid program, corresponding to our lend-lease. It has made outright gifts of about 1 billion dollars' worth of supplies to the United Kingdom and in addition sent 1 billion dollars' worth as mutual aid (up to the summer of 1944). Britain has not only furnished large quantities of war goods to the Soviets, but had provided our forces with almost 21½ billion dollars of reverse lend-lease aid up to June 30, 1944.

What kind of bundles from Britain?

In many cases, this aid began even before our troops reached the other side. Large numbers of American soldiers have been carried across the Atlantic in British superliners, like the *Queen Mary* and *Queen Elizabeth*, convoyed by British warships. After landing, the hospitality of the British government was theirs. "Nothing conceivably helpful" has been withheld from American commanders, according to the British Ministry of Production in a report on aid to the United States. For its part, the United States government, reporting on aid received through reverse lend-lease, disclosed that "thirty-one percent of all the supplies and equipment currently required by the United States Army in the European Theater of Operations between June 1, 1942 and June 30, 1944, was supplied by the British as reverse lend-lease."



The British have built for our troops hundreds of barracks, airfields, hospitals, supply depots, roads, and other facilities. They have paid the costs of transporting our men and our supplies within the British Isles. Most American soldiers stationed in England have received supplemental food rations from British stocks. Almost all the bread eaten by our troops while training in Britain was baked with flour furnished under reverse lend-lease.

The catalogue of items placed at the disposal of United States military forces by the British government is impressive for its variety as well as for its volume. It ranges from tea kettles to hotels; from monkey wrenches to finished planes; and from eye shields to diving suits.

Some strategic commodities have been shipped to the United States by the British under reverse lend-lease. These include barrage balloons and small naval craft, tea and crude

rubber from Ceylon, rope fibers, chrome, and asbestos from British Africa, and cocoa from Nigeria.

Reverse lend-lease in the Pacific

In the war against Japan, the Australians and New Zealanders have supplied hundreds of millions of dollars of reverse lend-lease aid to the United States. Up to June 30, 1944 Australia provided our forces with over a million and a quarter pounds of food, as well as blankets, socks, shoes, and other articles of GI clothing. She has built barracks, airfields, hospitals, and recreational centers and furnished landing craft, motor transport, telephone and telegraph facilities, and numerous other services. Altogether, to June 30, 1944, Australia had spent about 550 million dollars on reverse lend-lease aid.

New Zealand, which has a population of only 1,650,000, and much slenderer resources than Australia (population 7,000,000), has made available to our military personnel almost 580,000,000 pounds of food, as well as camps, warehouses, hospitals, small ships, and other equipment. New Zealand's total expenditures on reverse lend-lease aid to the United States amounted to more than 131 million dollars on June 30, 1944.

All in all, we received from Australia and New Zealand during the summer of 1944 reverse lend-lease supplies at a greater rate (in dollar value) than the lend-lease goods we sent them.

Had it been necessary to ship from America the goods furnished by Australia and New Zealand under reverse lend-lease, hundreds of thousands of tons of shipping space would have been required. Such shipments would have hindered the transport of munitions and other materiel to the Pacific war theater.

The Burma-India Theater

India's contribution to reverse lend-lease has risen steadily as increasing numbers of American troops have been billeted there. Supplies, services, and facilities provided to American forces in the Burma-India Theater by the United Kingdom and India totaled 232 million dollars on June 30, 1944. More than half was the share of the Indian government. This offset to some extent the large amounts of munitions for the Indian army, the industrial materials for India's war plants, the railways, port facilities, and communications systems which we have provided under lend-lease.

Of the British share of reverse lend-lease supplied to our forces in the Burma-India Theater, a substantial part is in the form of aviation gasoline and other vital petroleum products. The crude oil comes from British oil fields in the Middle East and is refined at the British refinery at Abadan in Iran. A large part of the gas and oil used by the United States Tenth Air Force in India, the Fourteenth Air Force in China, and by the B-29's of the Twentieth Air Force operating from bases in both India and China is thus of British origin, supplied to us without cost under reverse lend-lease.

WHAT CRITICISMS HAVE BEEN MADE AGAINST LEND-LEASE?

A program such as lend-lease, which means the spending of many billions of dollars, has naturally come in for criticism and misunderstanding.

Lend-lease deals with broad international questions and vast, sometimes complicated and technical operations. Many people have misunderstood its purpose; others seem to be ignorant of its accomplishments. As late as November 12, 1943, almost three years after the beginning of the lend-lease



U. S. S. R.



China



Australia



New Zealand



Co



LEGEND



AREAS ELIGIBLE FOR LEND-LEASE AID



AREAS NOT ELIGIBLE FOR LEND-LEASE AID



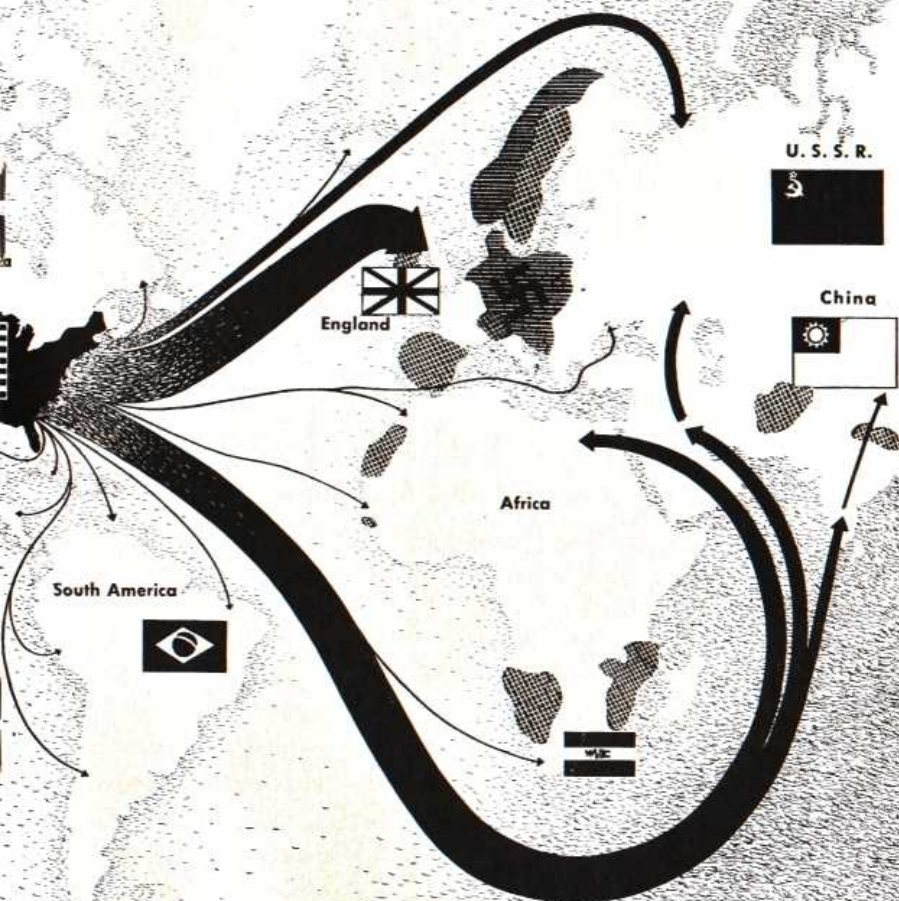
AXIS OCCUPIED TERRITORY



FLOW OF LEND LEASE GOODS

NOTE: Flow lines indicate relative quantities of materials shipped. They do not show exact routes or location of ports.

FLOW OF LEND-LEASE



debate, the Gallup Poll disclosed that "In spite of the billions involved in the biggest interchange of goods and services of all time, nearly 9 in every 10 Americans either have incorrect ideas as to the repayment terms of the deal, or frankly admit they don't know its basic principles."

What principal criticisms have been voiced? What main objections have been raised?

Fears have been expressed that we are contributing more than our fair share to the cost of the war. Another criticism is that we are not getting the proper credit for our generosity. Some people believe that we are not exercising proper control over the use of some of the supplies sent abroad. It is also asserted that foreign governments are being led to believe that the United States will continue assisting them on a scale that will bankrupt the United States. And some charge that the wide powers granted by the Lend-Lease Act give excessive authority to the executive branch of the government.

How much is our fair share?

The question of paying our fair share of the cost of the war, since it involves the extent of lend-lease aid, may be approached through the words of the Lend-Lease Act itself. Aid may legitimately be provided to any country whose defense is "vital to the defense of the United States." To determine how vital may be the aid granted is the job—a difficult one—of those in charge of our foreign relations and military operations.

Decisions have to be weighed and considered in the light of the particular political, economic, and military problems involved. This must be done, sometimes long in advance, sometimes in immediate response to a sudden need or opportunity. Being at war, we must be prepared constantly to

deal with emergencies. In various cases, all departments of government must be consulted. To determine how vital to our national defense a particular form of aid to a particular country at a particular time may be, constitutes a major test of statesmanship.

Are we contributing more than our share and are our allies contributing less than theirs? The over-all figures for each nation's war expenses are not comparable. We have been in the war for a shorter time than most of our allies, but, in general, our soldiers are better paid and our equipment is more costly. Our Army and Navy are larger, both in numbers of men and quantities of equipment than, for example, the British. We can come closer to a real measure of financial effort if we see what proportion of its national income each nation is putting into war production.

What do we get out of it?

It was estimated early in 1944 that the United States was turning out about one-half the total United Nations production of munitions (ships, planes, tanks, guns, shells, and the like. It is up to us to decide how and for what purpose that half will be used.

To win the war all the resources of the United Nations must be used effectively. If for lack of supplies the war effort were to slacken on any front, those who grumble at the cost of our lend-lease bill doubtless would be as quick as anyone to regret the slackening.

In helping the United Nations to check the Axis and then to take the offensive, lend-lease has not only helped our own defense, but has saved many American lives. As Senator George said during the consideration of the Fourth Lend-Lease Appropriation Bill in June 1943:

"I am convinced that if we had not made the preparations which we made in those precious months when we were buying time, this war would continue a year longer. Even if we have shortened this war by only six months, we have cut down our expenditures, at the present rate, by \$48 billion; and in the blood of our men, in the tears of their mothers, we have saved more than can ever be estimated."

Is our sacrifice too heavy?

How much of our war sacrifices are we putting into lend-lease? As we have seen, lend-lease accounted for 15 percent of all our war expenditures through June 30, 1944. The proportion of British war costs devoted to aiding her allies has amounted to about 10 percent (late 1943 figures). In the middle of 1944 Australia and New Zealand were both putting 18 percent of their war budgets into reverse lend-lease for United States forces alone.

Equality of sacrifice among allies implies an equality of effort in proportion to the resources of the nation. The British, Russians, and Chinese have had greater casualties, both military and civilian, and far greater losses of property from enemy bombardment and vandalism than we have. By the late summer of 1944, the Russians had over 5,000,000 casualties, Great Britain about 1,000,000, and the United States over 300,000. These burdens are heavy. They constitute losses of manpower, capital, and income. They create tremendous tasks of rebuilding after the war.

To compare all these losses would be impossible. They cannot be measured in dollars and cents. And if, for the sake of balancing the accounts, a monetary value could be placed on lives lost, the United States would doubtless be deeply in debt. Yet many observers believe that it would be unfair not to consider such costs when lend-lease accounts are settled and the contribution of each of the United Nations to the defeat of the Axis is evaluated. What is your opinion?

Have errors been made?

The delivery to the British, Australians, and others, of such "civilian" items as trucks and agricultural machinery "while American farmers in many places were going without" has come in for much unfavorable comment. Has this comment been justified?

Agricultural machinery, as well as food, was provided to the British at a time when the food situation in the British Isles was particularly critical because of submarine warfare. Britain was close to famine, and the sending of more food in 1941 and 1942 probably would have meant increased losses through sinkings in proportion to the increased shipping tonnage used. If, however, we were to send agricultural machinery to England—where factories had been converted to munitions production and available labor was badly needed for war work—more of the needed food could be grown on British soil. Thus it was believed that there was a distinct advantage in shipping machinery.

The British Isles have been an important base for our military operations, and our soldiers in Britain have been supplied with large amounts of food under reverse lend-lease. Some part of this food has come from the lawns and playing fields—where crops had not grown for centuries—that the British plowed up with the aid of American machinery.

The same has been true of our shipments of farm equipment to Australia and New Zealand, shipments which have figured in criticisms of lend-lease.

What does the record show?

Considering the speed with which enormous quantities of materials have been handled, as well as the competing re-

quirements of our allies and our own civilian and military needs, few critics deny that the lend-lease record is a good one. Every request for lend-lease aid has first been carefully investigated by the Lend-Lease Administration and its successor, the Foreign Economic Administration, or by the War or Navy Departments, Maritime Commission, War Shipping Administration, or War Food Administration. Material subject to the jurisdiction of the War Production Board then has to meet that agency's test of relative urgency. Other agencies have had a chance to examine requests for goods of which there is a shortage in the United States. No request has been approved until the needs of all claimants, including our own civilians, were studied.

There have been cases, of course, in which wrong goods have been sent under lend-lease, the right goods were sent to the wrong place, or articles were put to wrong uses. Defenders of lend-lease point out, however, that such cases have been very few compared to those in which the right goods have gone to the right place at the right time. Most of those who have studied the administration of lend-lease believe that it has been well handled, taking into account the stress of the times. A ship sometimes sails in a hurry; sometimes it is delayed or does not sail at all. In some degree, such losses and waste are a part of lend-lease because they are a part of war.

What is fact and what is fiction?

There has been much honest criticism of lend-lease. There has also been a crop of rumors, some amusing and far fetched, others perhaps aimed at planting seeds of dissension between the allies.

The most persistent of the rumors have centered around

butter. As the ration point value of butter rose, the rumors became more extravagant. It was said that we shipped so much butter to the U.S.S.R. that Soviet soldiers were using it to grease their boots. But actually the butter that went to the Soviets—desperately short in dairy products—was relatively small in volume and was used largely in hospitals.

In the summer of 1943 a story was being spread in upper New York State about a man who went hunting in the North Woods. He couldn't find any butter in the local stores. When he crossed the border into Canada, however, he could buy two pounds of butter at a time, according to the story—the packages being marked "Lend-Lease." This tale has been found to be baseless. No lend-lease butter has been shipped to Canada or to any other country except the U.S.S.R.

Rumors have been recurrent that lend-lease was footing the bill for a host of frivolous things, ranging from nylon stockings, Scotch whisky, and traveling cases to gowns for a noted duchess and a dinner party in a fashionable Washington hotel for a member of an allied mission. To check off the last items first, all procurement of lend-lease goods and services is made by requisition, and there is no way by which anyone can requisition a dinner party or an evening gown. No requests for dinner parties or gowns have ever been made by foreign governments.

As for the nylon hose, a Sydney, Australia, paper in November 1943 reported that American nylon hose would go on sale in local stores. Upon investigation, however, it was found that the story was planted by political opponents of an Australian member of Parliament who was up for re-election. It had no foundation in fact, and was promptly repudiated by the embarrassed Australian government.

The allegation that whisky, traveling cases, and other

luxury items were provided under lend-lease had at least a kernel of truth. Such articles were once requested by officers of a British battleship being overhauled in an American Navy yard. The officers asked for something customarily supplied in their own navy yards. Since whisky and traveling cases are not issued to American personnel, the Navy Department turned down the request.

One story that pops up with unusual persistence is about gasoline. In varied versions it relates that the American forces in the field sold a large amount of gasoline to the British at such and such a place. The price was 2 cents a gallon or 9 cents a gallon or thereabouts. Later, the supply situation at that spot was reversed and we had to buy gas from the British. It cost us—sometimes the story says for the same gas—anywhere from 36 to 45 cents a gallon.

The way exact figures are mentioned in these stories make them sound as if they must be correct. Actually the alleged prices are the giveaway. The fact is that the United States does not sell gasoline to the British and the British do not resell it to us. We supply it to them under lend-lease without cost to them and they supply it to us under reverse lend-lease without cost to us. Each government keeps records of how much it originally spent for the gasoline, but money never changes hands in lend-lease transfers.

More sinister was the rumor that the Soviets were trading some of the lend-lease planes obtained from us to the Japanese for rubber and that the planes were being used later—allegedly—against our forces in the Pacific. Rumors of this kind, frequently heard on Axis radio broadcasts, have been investigated and found baseless by the State Department and other agencies.

To such malicious tales the truth is a good and sufficient

answer. But the truth doesn't always catch up in time to prevent injury to interallied unity. However, there is evidence on the other side too. Many a GI has seen with his own eyes the effect against the enemy of lend-lease weapons in the hands of allied fighters. Or he may have known the comforts of eating food and wearing clothes supplied under reverse lend-lease.

Are our allies ungrateful?

No discussion of lend-lease would be complete without some attention to a particularly sensitive point sometimes raised in the controversy. Mutual trust and loyalty are "musts" between allies, but from time to time it has been suggested that our allies are not showing sufficient gratitude for the help we are granting them under lend-lease. A vigorous American protest in Moscow gave expression to this sentiment in 1943 and the Russians gave the matter immediate attention.

It has been asserted that Great Britain was putting her own labels on goods coming from the United States and was sending them to other countries. Complaints have also been heard that lend-lease materials were used by the British to manufacture goods later sold abroad—or sometimes sold in the United States.

Criticism of our allies should be met in a spirit of fairness. If mistakes occur, their source should be eliminated and investigations carried on. But isolated incidents should not obscure the principles of cooperation that have been established. Conclusions based on exaggerated misunderstandings are dangerous to the present conduct of the war and to future collaboration among the United Nations to insure the peace.

The facts themselves provide no genuine basis for friction. The Soviet government has enlarged the space given in its press and radio to recognition of American aid and the respective contributions of all other allies. This appreciation has been stressed in speeches and statements by the highest Soviet officials, including Premier Stalin. Similar expressions of gratitude have been voiced by Prime Minister Winston Churchill, Ambassador Halifax, and other high ranking Britons.

Are they chiseling on us?

What about the alleged sale of lend-lease goods by our allies and the resale of articles made with materials imported under lend-lease? The sale of some articles obtained under lend-lease has been regarded as necessary for the conduct of the war. The most important example is that of food shipped to Britain.

In Britain food raised at home and that brought from overseas is all handled by the Ministry of Food. The ministry sells the food obtained from us to processors and distributors and the money so realized is used for the prosecution of the war.

If the food were distributed free to the British people it would disrupt the entire distribution system.

Some critics have said that Britain should turn over to us the proceeds from the sale of lend-lease food. But this is not in the spirit of the Lend-Lease Act. The basic idea of lend-lease is *not* to attach consideration of monetary payments to articles supplied to our allies that are vital to their defense. If Britain gave us the money from sales of food instead of putting it into her treasury, her ability to finance the costs of the war would be that much less.

The governments of the United Nations, as part of overall planning, have endeavored to prevent lend-lease articles from being used in ways that might injure American commerce and trade. Special provisions against such possibilities have been set up.

By common agreement, in fact, recipients of lend-lease goods do not re-export them to other nations except in rare cases where the war makes it necessary. In a White Paper of September 10, 1941, Britain guaranteed us that lend-lease articles would not even indirectly enter commercial channels.

WHAT PRINCIPLES SHOULD GOVERN THE FINAL SETTLEMENT?

When the smoke of the last battle has cleared away and the United Nations sit down to discuss the settlements of the war, what shall be done with the lend-lease accounts? What kind of bill should we draw up and present to our allies? Or should we just forget about a bill?

The Lend-Lease Act, as amended in 1944, says this about settling up:

"The terms and conditions upon which any . . . foreign government receives any aid . . . shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: Provided, however, that nothing in this paragraph shall be construed to authorize the President to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure."

This provision was made purposely broad. When the act was passed we were not in the war. It could not be foreseen

how the lend-lease program would shape up, what it would ultimately cost the American people, to whom the aid would largely go, and in what position the beneficiaries might be, at the end of the war, to make repayment.

Nevertheless, as the war has progressed, the matter of "payment" or return benefits has been increasingly discussed by the American people. What should we expect? What forms of payment are possible? What principles shall guide the settlements? Officials in the State Department and the foreign offices of our allies are giving a lot of attention to these matters, for the prosperity of many nations may largely depend on how lend-lease accounts are ultimately settled.



What do the people think?

The President's quarterly reports to Congress on lend-lease operations have stressed that "Lend-lease and reverse lend-lease are not a system of debits and credits. They involve neither gifts, nor loans nor transfers of money. They are, instead, a system of mutual war supply that has been evolved by the United Nations to make possible the effective com-

bined operations by which we are fighting and winning the war."

Despite such assertions a large portion of the American people seem to regard lend-lease as a form of aid that should be repaid by our allies—somehow and sometime.

The Office of War Information in the summer of 1943 asked people the following question: "If England (Russia) continues to do all it can to help us defeat the Axis, do you think this is enough repayment for the lend-lease supplies we sent?" The replies were tabulated as follows:

	<i>England Percent</i>	<i>Russia Percent</i>
Enough	42	51
Not enough	51	42
No opinion	7	7

Clearly, about half the people polled believed that we should get some tangible returns for lend-lease. Furthermore, the O.W.I. noted that "the better educated and those who have accurate knowledge of reverse lend-lease are the very ones who make the highest demand for repayment."

Of the persons questioned in a Gallup Poll, published on November 12, 1943, 57 percent thought England is supposed to pay us back in some way for lend-lease aid; 13 percent thought we should present no bill; and 30 percent had no opinion.

The persons queried by the O.W.I., when asked how repayment should be made, voted for goods, military bases, and gold, in the order listed.

Can the books be balanced?

Regardless of what individuals or groups may think, the clearing of lend-lease accounts will present staggering diffi-

culties. Disregarding for the moment the basic issues of principle involved, any attempt at an exact settlement will run into questions of method.

For instance, there will be the problem of reconciling the accounts. To a large extent, this is being done currently, as reports by our government and foreign governments indicate. But these reports are incomplete even for the periods they cover. There are inevitable delays. It may be weeks or months between the time an article is transferred and the time the receipt gets to the Treasury in London or the War Navy, or Treasury Departments in Washington to be recorded. In some cases transfers are made on or near the battle zone, and receipts may be subsequently lost or destroyed during combat operations.

Even for the transfers that are recorded, there may be questions of the value to be assigned. Thus, the cost of producing some war supplies, including certain types of guns or planes, may be less in England than in the United States, owing to lower labor costs and longer experience in production. For instance, the Army pays \$6.10 apiece for field jackets bought in the United States. But the same article made in England and supplied to our troops there under reverse lend-lease costs the British government the equivalent of \$5.60. Similarly, a 65-inch aircraft tire bought in the United States sets Uncle Sam back \$350. But if it starts out as a "tyre" made in Britain it can be purchased by the British government for the equivalent of \$160—and that's the figure entered in the books if it is transferred to us under reverse lend-lease.

For such articles the monetary values set down in lend-lease account books may thus be said to underestimate the British contribution in terms of materials, labor, and so forth.



On the other hand, there are many articles that can be made more cheaply in the United States. The value placed on these articles by our government in lend-lease accounts may then be said to underestimate our contribution.

This matter of evaluation of goods has received a lot of attention in both London and Washington, and though it has not been a source of friction, it has created plenty of problems.

Certainly, in the final clearing of accounts, the reconciling job will be tremendous. Yet, despite this and other difficulties, it is possible to see, even now, that certain principles will presumably guide the final settlements. Much discussion of these principles has already taken place—among government officials, in Congress and Parliament, in British and American newspapers, and so on.

What is equality of sacrifice?

The idea that each member of an alliance should contribute an equal share to the common cause does not mean, for instance, that Norway and the Soviet Union should provide

the same number of fighting men. Nor does it mean that the United States and New Zealand should supply the same amount of war materials.

Equality of sacrifice among allies means that each should contribute the same relative proportion of its war-making resources whether of manpower or wealth. A nation of 10 million people that puts an army of 1 million in the field makes a sacrifice equal to that of a nation of 100 million that fields an army of 10 million men. And two governments, each of which puts half its national income into war expenditures, make equal sacrifices on that score—though the sum spent by one may be twenty times what the other spends.

As we have already seen, it is not possible to measure one kind of sacrifice in terms of the other for the reason that no dollar-and-cents price can be set on lives and limbs. Many people think that it is only fair, however, to recognize that the two kinds of sacrifice go for a single purpose. Some say that trying to balance the accounts, therefore, is not only useless but wrongful since the benefits of victory are the only payments that really count in the end.

How do we stand in lives lost?

Millions of Russian soldiers have been killed or wounded and millions of Soviet citizens have been tortured and assassinated by the Nazis or shipped to Germany as slave laborers. Russian homes, farms, and factories have been demolished and great quantities of property stolen by the Nazi invaders.

Great Britain has lost over a million soldiers, sailors, air-men, and civilians. Bombardment has done enormous damage to the homes and factories of Britain.

In more than seven years of warfare China has suffered untold property damage and the loss of uncounted millions of lives.

We Americans have also suffered. Our men in uniform—though in lesser numbers—have also been killed, drowned, maimed, and imprisoned. But our civilians have not been bombed; our homes and factories have not been destroyed; and our soil has not been devastated by enemy invasion.

In settling lend-lease accounts should we give some attention to the much greater sacrifices in life and property of our allies? The United States government in numerous statements by the President and other responsible officials has in fact recognized this principle.

Shall we count only the dollars?

But suppose we look only at the contributions that can be measured in monetary terms. The United States is spending more money for war than any of its allies. The question is not whether our financial contribution to victory will outweigh the similar contributions of our allies. Without doubt it will in dollars-and-cents value.

The question is whether it will be excessive in terms of ability to pay. Here we come up against the fact that our principal allies have been at war longer than the United States, for longer times have been putting larger proportions of their national wealth into the war effort than we, and are more in need of material aid while we are better able to give it.

Granted that the United States is pouring out more wealth in lend-lease than we will ever get back in reverse lend-lease, should this country adopt as its sole measure for set-

tlement the final balance of dollar values? Or should we measure equality of sacrifice in material contributions in terms of relative wealth and ability to pay?

Is lend-lease a path to peace?

The principle of equality of sacrifice relates to the past. Another principle, equally important, relates to the future. This is the principle that the settlement of lend-lease accounts, whatever it is, should be such as to help toward lasting peace and prosperity for the world.

Of course the kind of settlement that seems desirable when the time comes will depend in some measure on the kind of peace that seems to lie ahead. That is to say, if certain prospective or agreed conditions of the peace do not appear to be workable, the United States will presumably be more interested than otherwise in getting lend-leased planes and tanks back again.

The settlement, it perhaps needs to be emphasized, is no more a one-way matter than is lend-lease a one-way traffic. Lend-lease is a method of reciprocal and mutual aid, and it is designed to be settled by mutual agreement. While the United States will naturally have the foremost voice in the settlement, the decision cannot be ours alone.

Master Lend-Lease Agreements have been signed with Great Britain, the Soviet Union, and China. The seventh article in each of these agreements sets down in identical language the guiding principle. When the time comes to determine the benefits to be provided the United States by the other governments in return for lend-lease aid, the article states that "the terms and conditions thereof shall not be such as to burden commerce between the two countries, but to promote mutually advantageous economic relations

between them and the betterment of world-wide economic relations."

Is it a portal to prosperity?

Leaving out some of the diplomatic language, this means that the settlement agreement in each case shall stimulate rather than discourage "production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples." This is in accord with the opinion of most students of international problems that freeing international trade from artificial restrictions works to the benefit of nations.

After World War I the bulk of the debts owed to the United States was not collected for three main reasons:

1. We would not take goods in payment since we felt that such goods, if put on the market in the United States, would throw our people out of work.
2. For reasons which need not concern us here, the debtor countries could not pay in gold.
3. Britain, France, and Italy, our former Allies, said it was not fair for us to insist on payment when Germany, the real offender, would not pay the reparations owed them.

Nations such as Great Britain, France, and the Soviet Union that are receiving major lend-lease aid today normally buy large amounts of goods in this country. If we insist on a settlement that requires them to send us tangible wealth, either of two things must happen: We must be willing to accept their goods in competition with our own, or we must resign ourselves to the fact that if they transfer gold or credit to our accounts they won't have what it takes to buy our goods.

The kind of settlement envisaged in the Master Lend-Lease Agreements is clearly intended to avoid the situation that grew out of World War I—a burden of permanently unpaid debts, a cloud of resulting ill will between former friends, and in the end world-wide collapse and depression growing at least in part out of shackled world trade. Do you think that it serves the principle involved? And do you think that the principle is sound?

WHAT ARE SOME OF THE CONCRETE PROBLEMS TO BE FACED?

Assuming that the above principles are followed, what should the United States expect in return for lend-lease?

Some people think that we should cancel all obligations for lend-lease goods used directly in the war effort. When a Nazi is hit by a shot from an allied gun, it doesn't make much difference whether the trigger was pressed by a Russian, a Frenchman, a Briton, or an American. Ought we, for example, to present a bill for a Sherman tank blown up with its British crew on the field of battle? Or for a P-39 pursuit plane shot from the sky with its Russian pilot dead?

If used-up munitions are omitted, it will be easier to arrive at a settlement regarding the unused goods and the capital equipment (machine tools, manufacturing equipment, oil refineries, etc.) which have postwar value.

What about lend-lease leftovers?

Shall we ask for the return of equipment that has been damaged in battle? Burned-out lend-lease tanks, the wreckage of planes shot from the sky, artillery blown to pieces—all this has value as scrap. But will we ask our allies to collect it

after the war and ship it to us? There surely will not be a shortage of steel and copper and other metals in the United States.

But much unused materials in good condition are likely to remain in Britain, France, North Africa, Russia, and elsewhere—food supplies, munitions, petroleum, metals, chemicals, lumber, and the like.

Some of the food and industrial items like metals could be turned over for relief and rehabilitation in Europe. But it will be difficult to separate some types of lend-lease goods from others not obtained under lend-lease. Will Britain, for example, be able to separate American lard or bacon from lard or bacon received from Canada?

Military supplies will provide a different problem, one that



may be easier to solve. The lend-leased articles still unused in British, Russian, French, and other United Nations military depots on the day Germany surrenders will probably be used in policing the occupied countries and in conducting the war in the Far East. After Japan surrenders, however, will we demand the return of lend-lease guns, ammunition, tanks, and other military items? Do they have any peacetime value? Is there any reason why they should not be left where they are? After the last war, our Army sold a lot of its munitions to France. Presumably, some lend-lease munitions could be similarly sold after this war and the money turned over to the United States Treasury.

What about capital goods?

Capital goods supplied under lend-lease will probably offer the most difficult problems. Such items have definite postwar value. Machine tools, for example, could be used by our allies to manufacture civilian goods, some of which might compete in world markets with our own.

Cargo planes, trucks, and merchant ships can be used for relief purposes, or sold to the highest bidder and the money turned over to the United States. Or we could ask that the articles be returned for use in this country.

Port facilities, assembly plants, railroad equipment, pipelines, and the like, are still another matter.

The National Association of Manufacturers in a press release of August 7, 1944, suggested that "many lend-lease items such as food, clothing and industrial installations under construction in Russia, might be sold to the Soviets on a cash or credit basis." Presumably the N.A.M. would suggest that similar items in the British Empire, North Africa, China, and elsewhere be disposed of in the same way after the war.

Up to June 30, 1944, we had lend-leased over 6 billion dollars' worth of industrial materials and products, not including airfields and naval bases, port facilities, and the like. A definite postwar value could undoubtedly be placed on many of these items. Perhaps this would provide a basis for at least partial settlement of lend-lease accounts in terms of cash or credit or other property.

Strategic bases and materials

Some prominent Americans have bluntly asked that Britain, Russia, and other countries cede us military bases, grant postwar rights to our commercial air lines, and provide strategic materials, such as petroleum, in return for lend-lease aid.

One influential spokesman of this viewpoint put it in these words: "The American people are entitled to some return for the more than 15.5 billion dollars already [in 1943] invested in lend-lease funds. . . . We have already spent more than 500 million dollars on airfields and equipment all over the world. In most places we have no right except to get out when the war is over. We have constructed these fields and placed these installations on the land belonging to other countries." He declared that we must hold on to these strategic bases to prevent hostile nations from ever getting a foothold there. This, he said, could be part payment for lend-lease.

The Thirteenth Report to Congress on lend-lease operations in some measure replied to this argument. It pointed out that lend-lease equipment installed in airfields abroad "will be fully taken into account" in the final lend-lease settlement, but "the question of the future use of airfields in all parts of the world, both for strategic and commercial purposes, involves many factors besides lend-lease."

The demand for transfer of foreign petroleum, copper, nickel, tin, and other reserves in the final lend-lease settlement has been voiced by various groups, both in Congress and out. This proposal to help restore our own stocks, depleted in the war, also presents problems. Can we calculate how much of the extra drain on our resources has been due to lend-lease? It may not be easy to do this precisely—or even close enough to assure a square deal on both sides.

* * *

One can see from this discussion how many complications may arise in clearing accounts. The American people will have to think the matter through, just as they did the idea of lend-lease when it was first proposed.

TO THE LEADER

Lend-lease is a subject about which Americans in general are badly informed. And yet it is one that we should understand.

As long as the war continues, we can expect lend-lease to be a vital part of the joint war effort of the United Nations. When the war ends, some settlement of lend-lease accounts must be made. The settlement decided upon, it is hoped, will seem fair to all peoples concerned. But unless we know the whys and wherefores of lend-lease *while we are using it as a weapon against our enemies*, it is quite possible that the settlement may lead to unhappy misunderstandings between us and our foreign friends.

This pamphlet states clearly and simply the basic provisions of our lend-lease agreements, the extent of American contributions to the lend-lease pool of supplies, the meaning and extent of "reverse lend-lease," the criticisms of how lend-lease works in practice, and the problems which we will face when the time for settling lend-lease accounts comes. On the basis of this material, a discussion leader can plan a thoroughly worth-while meeting or two.

The material is complete enough to be useful in conducting a large forum of the "town meeting" type, a panel discussion, a debate, a small and informal discussion group, or a radio forum or discussion. The techniques of various kinds of meeting are described in EM 1, *GI Roundtable: Guide for Discussion Leaders*, which should be in every leader's library. Leaders who are especially interested in conducting roundtable discussion programs over available radio stations or sound systems should secure also EM 90, *GI Radio Roundtable*.

Questions for discussion

The questions that follow are intended to help you organize your discussion. If you have better ideas, don't hesitate to use them.

1

What is lend-lease? Why and how did it get started? Who decides just what we shall lend other nations? What were the original arguments in favor of lend-lease? What arguments were advanced against it? Do you think we would have had a chance to beat the Axis without lend-lease? Who is eligible for lend-lease aid from the United States? What is lend-lease costing us in dollars? What share of our war expense does this represent? Does lend-lease provide only for war materials? What goods have been "lend-leased" and where? Do you think that a proper use of lend-lease is to build up a common pool of war materials for the United Nations? Does lend-lease provide for what are usually known as "loans" to foreign nations?

2

What is reverse lend-lease? Is it a means of paying us back? Is it a means of providing us with materials and services we need to conduct the war? Is it a foreign contribution to the common pool of war materials? Under reverse lend-lease does a foreign government make a "loan" to the United States? How much reverse lend-lease aid have we received? From whom? Why should we need such aid? How has reverse lend-lease affected our shipping requirements?

3

Do you think that lend-lease has been well managed? Are we contributing more than our fair share? Are we getting credit for our generosity? Is generosity the reason we contribute to the lend-lease pool? Do you think our contributions under lend-lease are made primarily for our own benefit? Are we sure that our allies use lend-lease supplies as we intend? Do you think we use reverse lend-lease aid to us as foreign nations expect? Do you think lend-lease will bankrupt the United States?

4

Can lend-lease accounts be settled to the satisfaction of all concerned? If we have put more into the lend-lease pool than our friends, should we expect cash payment for the difference? Will lend-lease lead to war debts? Are cash or credit the only means by which we can be repaid? Can lend-lease contributions by the United Nations always be assigned a dollars-and-cents value? Should the sacrifices of all nations in terms of lives lost and property destroyed be taken into account?

Is it likely that the method used for settling accounts may stimulate or hinder postwar trade with foreign nations? Should all leftover materials be returned to us after the war? Should they be sold or given to other nations? Should we use our lend-lease balance to obtain strategic bases?

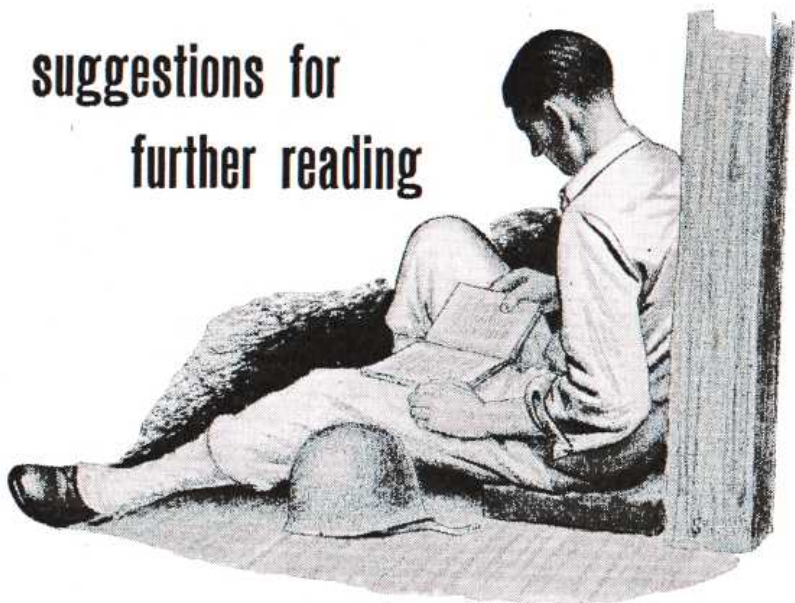
Charts

Graphic presentation of facts and issues is a great aid to good discussion. You can produce them roughly on a blackboard or large sheets of paper. Three are suggested: (1) a reproduction of the table of the value of our exports under lend-lease on page 22; (2) a table showing dollar volume of reverse lend-lease made from the facts given under the heading "Reverse Lend-Lease," pages 23-27; (3) a list of the four major questions printed above in italics under "Questions for Discussion."

Reading

Informed members in your group will improve the quality of your meeting. Make copies of this pamphlet available for advance reading in some central place—library, dayroom, service club, or other accessible spot.

suggestions for further reading



These books are suggested for supplementary reading if it so happens that you have access to them. They are not approved nor officially supplied by the War Department. They have been selected because they give additional information and represent different points of view.

REPORTS TO CONGRESS ON LEND-LEASE OPERATIONS. By President Franklin D. Roosevelt. Printed at Government Printing Office, Washington 25, D. C. These appear quarterly, June 11, 1941 to date. They describe lend-lease operations, indicate government policy, and give statistical summaries.

LEND-LEASE, WEAPON FOR VICTORY. By Edward R. Stettinius, Jr. Published by Macmillan Company, 60 Fifth Ave., New York 11, N. Y., and by Pocket Books Inc., 1230 Sixth Ave.,

New York 20, N. Y. (1944). This is the only full-length account of the origin and operation of lend-lease.

If you want to go further into the economic issues involved, you might try the following from the many writings available.

WAR DEBTS AND WORLD PROSPERITY. By Harold G. Moulton and Leo Pasvolsky. Published for Brookings Institution, 722 Jackson Place, N.W., Washington 6, D. C. (1932).

THE CHANGING PATTERN OF INTERNATIONAL ECONOMIC AFFAIRS. By Herbert Feis. Published by Harper and Brothers, 49 East 33rd St., New York 16, N. Y. (1940).

THE RECONSTRUCTION OF WORLD TRADE: A SURVEY OF INTERNATIONAL ECONOMIC RELATIONS. By John B. Condliffe. Published by W. W. Norton and Company, 70 Fifth Ave., New York, N. Y. (1940).

THE UNITED STATES IN THE WORLD ECONOMY. No. 23 of *Economic Series*, published by Bureau of Foreign and Domestic Commerce, United States Department of Commerce, Washington, D. C. (1943).

OTHER GI ROUNDTABLE SUBJECTS

Additional War Department education manuals in the *GI Roundtable* series are available. Although introductory copies of each new pamphlet are automatically issued to information-education officers in continental United States and the war theaters, additional copies may be requisitioned on the basis of two copies to a company or similar organization, as authorized in current War Department instructions. Within continental United States, pamphlets may be obtained from the United States Armed Forces Institute, Madi-

son, Wisconsin; in war theaters, from USAFI Oversea Branches. Requisitions should list education manual number in the *GI Roundtable* series, title, and quantity of each pamphlet desired. New subjects are in preparation and will be announced as published. Subjects now available are as follows:

- EM 1, GUIDE FOR DISCUSSION LEADERS
- EM 2, WHAT IS PROPAGANDA?
- EM 10, WHAT SHALL BE DONE ABOUT GERMANY AFTER THE WAR?
- EM 11, WHAT SHALL BE DONE WITH THE WAR CRIMINALS?
- EM 12, CAN WE PREVENT FUTURE WARS?
- EM 20, WHAT HAS ALASKA TO OFFER POSTWAR PIONEERS?
- EM 22, WILL THERE BE WORK FOR ALL?
- EM 23, WHY CO-OPS? WHAT ARE THEY? HOW DO THEY WORK?
- EM 31, DO YOU WANT YOUR WIFE TO WORK AFTER THE WAR?
- EM 32, SHALL I BUILD A HOUSE AFTER THE WAR?
- EM 40, WILL THE FRENCH REPUBLIC LIVE AGAIN?
- EM 41, OUR BRITISH ALLY
- EM 42, OUR CHINESE ALLY
- EM 43, THE BALKANS—MANY PEOPLES, MANY PROBLEMS
- EM 44, AUSTRALIA: OUR NEIGHBOR "DOWN UNDER"
- EM 45, WHAT FUTURE FOR THE ISLANDS OF THE PACIFIC?

